

16 Pay as you go

OVERVIEW

In 2010–11:

- the ATO processed \$129.5 billion of pay as you go withholding liabilities, an increase of 7.9% from 2009–10
- large pay as you go withholders accounted for 68.5% of all withholding liabilities processed
- the ATO processed \$71.1 billion of pay as you go instalment liabilities, an increase of 7.0% from 2009–10.

INTRODUCTION

This chapter provides a general description of pay as you go withholding (PAYG(W)) and instalment tax liabilities that are reported to the ATO by entities withholding amounts (income tax) from certain payments to other entities, or for payments towards their own income tax liabilities.

PAYG(W) applies generally to payments made, or non-cash benefits provided, on or after 1 July 2000. Payments and transactions subject to withholding are referred to as 'withholding payments'. These payments include: salaries, wages, allowances, bonuses or commissions paid to an employee, payments to company directors, return to work payments, pension or annuity payments, Centrelink or similar payments, the provision of certain non-cash benefits, mining payments, natural resource payments and many others.

Pay as you go instalments (PAYG(I)) are instalments during the income year which go towards a taxpayer's expected tax liability. At the end of each income year when a taxpayer's tax return has been lodged and tax payable assessed, PAYG(I) for the year are credited against the taxpayer's assessment to determine whether the taxpayer owes additional tax or is entitled to a refund. Most taxpayers pay their instalments on a quarterly basis.

NEW FEATURES AND INFORMATION

Statistics in this chapter may have been affected by changes to personal income tax rates for 2010–11.

PAY AS YOU GO WITHHOLDING

The amount of PAYG(W) increased by \$9.5 billion during 2010–11, to a total of \$129.5 billion. The professional, scientific and technical services industry had the highest amount withheld of \$13.8 billion, despite a decrease of 1,325 withholders during the year.

Table 16.1 Pay as you go withholding liabilities¹, by industry, 2009–10 and 2010–11 financial years²

Industry ³	No.	2009–10 \$m	No.	2010–11 \$m
Agriculture, forestry and fishing	52,655	1,109	50,656	1,152
Mining	3,529	5,200	3,499	6,123
Manufacturing	49,712	11,161	48,184	11,702
Electricity, gas, water and waste services	2,558	1,964	2,545	2,279
Construction	119,195	8,054	117,957	8,940
Wholesale trade	38,191	6,470	37,282	7,078
Retail trade	75,231	5,854	73,080	5,982
Accommodation and food services	52,433	2,507	50,826	2,607
Transport, postal and warehousing	37,084	5,744	36,065	6,252
Information media and telecommunications	7,068	2,935	6,803	3,024
Financial and insurance services	36,586	10,936	36,186	12,028
Rental, hiring and real estate services	29,612	2,469	29,147	2,564
Professional, scientific and technical services	101,400	12,622	100,075	13,795
Administration and support services	33,395	6,704	32,756	7,854
Public administration and safety	4,928	16,030	4,782	16,865
Education and training	14,766	4,943	14,620	5,340
Health care and social assistance	50,608	10,273	50,405	10,464
Arts and recreation services	11,141	1,037	10,833	1,077
Other services	59,620	3,235	58,325	3,413
Other ⁴	5,012	720	8,204	959
Total pay as you go withholding⁵	784,724	119,966	772,230	129,497

1 Pay as you go withholding is the sum of pay as you go withholding liabilities (including TFN and ABN withholding tax liabilities), mining withholding and non-resident withholding tax liabilities. All years include Higher Education Contribution Scheme and Higher Education Loan Program liabilities.

2 Data for the 2009–10 and 2010–11 financial years includes data processed up to 31 October 2010 and 31 October 2011 respectively.

3 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

4 Includes entities that did not state their industry type and 'ATO use only' codes.

5 Totals may differ from the sum of the components due to rounding.

PAY AS YOU GO WITHHOLDERS

The entity making the withholding payment is responsible for withholding amounts from payments to others and sending the amounts to the ATO. Entities are required to register for pay as you go withholding before they can withhold from any payments.

Despite the number of withholders falling by 1.6% during 2010–11, the total amount withheld increased by 7.9%. The amount of PAYG(W) liabilities reported by companies increased by 9.4% to \$91.4 billion, during 2010–11. Combined, companies and government made up 89.3% of total PAYG(W) liabilities.

Table 16.2 Pay as you go withholding liabilities¹, by entity type, 2009–10 and 2010–11 financial years²

Entity type	2009–10		2010–11	
	No.	\$m	No.	\$m
Companies	432,995	83,547	427,521	91,419
Government	4,134	23,466	4,028	24,270
Trusts	160,380	9,333	160,999	10,082
Partnerships	91,276	2,351	85,293	2,423
Individuals	88,876	781	87,116	784
Super funds	7,060	487	7,273	520
Total³	784,724	119,966	772,230	129,497

1 Pay as you go withholding is the sum of pay as you go withholding liabilities (including TFN and ABN withholding tax liabilities), mining withholding and non-resident withholding tax liabilities. All years include Higher Education Contribution Scheme and Higher Education Loan Program liabilities.

2 Data for the 2009–10 and 2010–11 financial years includes data processed up to 31 October 2010 and 31 October 2011 respectively.

3 Totals may differ from the sum of the components due to rounding.

TYPE OF WITHHOLDER

Pay as you go withholding entities are classified into three types:

- small withholders – generally have total annual withholdings of up to \$25,000 and are required to report and send the amount withheld quarterly through their business activity statements
- medium withholders – generally have total annual withholdings of \$25,001 to \$1 million and are required to report and send the amount withheld monthly through their business activity statements
- large withholders – generally have total annual withholdings exceeding \$1 million, and are required to report and send the amount withheld up to twice a week. Instead of large withholders using their business activity statements, the ATO provides them with separate arrangements for notifying and sending amounts withheld.

Small withholders represent 65.6% of all entities engaged with pay as you go withholding, yet they only account for 5.9% of the amounts withheld. Large withholders account for only 1.6% of all withholders but account for 68.5% of withholding.

Table 16.3 Pay as you go withholding liabilities¹, by type of withholder, 2009–10 to 2010–11 financial years²

Type of withholder	2009–10		2010–11	
	No. ³	\$m	No. ³	\$m
Small	518,670	7,556	506,753	7,661
Medium	253,475	30,607	252,911	33,140
Large	12,579	81,802	12,566	88,696
Total³	784,724	119,966	772,230	129,497

1 Pay as you go withholding is the sum of pay as you go withholding liabilities (including TFN and ABN withholding tax liabilities), mining withholding and non-resident withholding tax liabilities. All years include Higher Education Contribution Scheme and Higher Education Loan Program liabilities.

2 Data for the 2009–10 and 2010–11 financial years includes data processed up to 31 October 2010 and 31 October 2011 respectively.

3 Totals may differ from the sum of the components due to rounding.

PAY AS YOU GO INSTALMENTS

The amount of pay as you go instalments increased by 7.0% during 2010–11, to \$71.1 billion. The financial and insurance services sector accounted for 33.7% of all instalments, despite a decrease of 21,462 in the number of payers.

Table 16.4 Pay as you go instalments, by industry, 2009–10 and 2010–11 financial years¹

Industry ²	No.	2009–10 \$m	No.	2010–11 \$m
Agriculture, forestry and fishing	43,214	728	41,562	765
Mining	2,574	9,265	2,484	9,912
Manufacturing	39,066	3,992	37,424	4,253
Electricity, gas, water and waste services	2,187	320	2,164	439
Construction	203,219	3,122	200,894	3,002
Wholesale trade	27,447	4,297	27,370	5,516
Retail trade	45,278	3,189	44,705	3,026
Accommodation and food services	17,308	526	17,614	486
Transport, postal and warehousing	51,375	1,190	48,814	1,270
Information media and telecommunications	8,433	2,137	8,353	2,175
Financial and insurance services	433,993	22,649	412,531	23,918
Rental, hiring and real estate services	78,638	1,822	76,010	1,880
Professional, scientific and technical services	141,628	3,579	141,904	4,000
Administration and support services	45,904	648	45,229	736
Public administration and safety	4,467	74	4,318	94
Education and training	19,027	211	18,945	217
Health care and social assistance	69,058	2,417	71,409	2,675
Arts and recreation services	23,792	477	23,107	493
Other services	50,611	559	50,211	612
Other ³	652,523	5,218	640,898	5,598
Total pay as you go instalments⁴	1,959,742	66,419	1,915,946	71,068

¹ Data for the 2009–10 and 2010–11 financial years includes data processed up to 31 October 2010 and 31 October 2011 respectively.

² The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

³ Includes entities that did not state their industry type and 'ATO use only' codes.

⁴ Totals may differ from the sum of the components due to rounding.

PAY AS YOU GO INSTALMENT PAYERS

The entity making an instalment payment is making a payment to the ATO with respect to a future tax obligation. Entities making instalments generally pay on a quarterly basis, though certain taxpayers may be eligible to choose to pay instalments annually or pay two instalments annually.

In 2010–11, the pay as you go instalments made by individuals accounted for 70.3% of total instalments by all entities but only contributed 20.1% of the total amount paid. Companies were responsible for 17.7% of all instalments made but accounted for 69.3%, or \$49.2 billion, of the total amount of instalments.

Table 16.5 Pay as you go instalments, by entity type, 2009–10 and 2010–11 financial years¹

Entity type	2009–10		2010–11	
	No.	\$m	No.	\$m
Individuals	1,378,708	13,689	1,347,117	14,298
Companies	346,794	45,414	339,571	49,233
Super funds	227,736	7,242	222,422	7,473
Trusts	6,504	74	6,836	64
Total²	1,959,742	66,419	1,915,946	71,068

¹ Data for the 2009–10 and 2010–11 financial years includes data processed up to 31 October 2010 and 31 October 2011 respectively.

² Totals may differ from the sum of the components due to rounding.

SOURCE OF PAY AS YOU GO STATISTICS

Statistics in this chapter are mainly sourced from activity statements, payment summaries and annual payment summary statements (lodged electronically or in paper form) for the 2009–10 and 2010–11 financial years processed by 31 October 2010 and 31 October 2011 respectively.

Copies of the *Business activity statement* and *Instalment activity statement* are in the appendix. You can view or download them in PDF file format from the attached CD-ROM or from the online version of this publication on our website at www.ato.gov.au

PAY AS YOU GO CHAPTER TABLES

The pay as you go chapter tables are now on the attached CD-ROM and included in the online version of this publication on our website. You can now view or download all the chapter tables in Excel.

LIST OF PAY AS YOU GO DETAILED TABLES

The following detailed tables on pay as you go withholding liabilities are on the attached CD-ROM and included in the online version of this publication on our website. You can view or download all the detailed tables as PDF or Excel files.

Table 1: PAYG withholding, by entity type, 2000–01 to 2010–11 financial years

This table shows PAYG withholding amounts reported to the ATO, broken down by entity type, for the 2000–01 to 2010–11 financial years.

Table 2: PAYG withholding, by industry, 2000–01 to 2010–11 financial years

This table shows PAYG withholding amounts reported to the ATO from different industry groups for the 2000–01 to 2010–11 financial years.

Table 3: PAYG instalments, by entity type, 2000–01 to 2010–11 financial years

This table shows PAYG instalment amounts reported to the ATO, broken down by entity type, for the 2000–01 to 2010–11 financial years.

Table 4: PAYG instalments, by industry, 2000–01 to 2010–11 financial years

This table shows PAYG instalment amounts reported to the ATO from different industry groups for the 2000–01 to 2010–11 financial years.